

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 AGR-20 PA-03 PRS-01 USIA-15 IO-13 RSR-01 /199 W

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R 271640Z JUL 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5837

INFO AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJ: WEEKLY FOODGRAIN SITUATION

REF: A) NEW DELHI 8455, B) NEW DELHI 7043

BEGIN SUMMARY - MONSOON ACTIVITY IN INDIA FURTHER WEAKENED DURING THE WEEK ENDING JULY 25. OF THE 35 WEATHER ZONES, ONLY 11 RECEIVED NORMAL OR ABOVE NORMAL RAINFALL. CUMULATIVE RAINFALL FROM JUNE 1 - JULY 25 WAS NORMAL OR ABOVE IN 25 OF THE 35 WEATHER ZONES. DROUGHT SITUATION CONTINUES TO PREVAIL IN BIHAR AND EASTERN UTTAR PRADESH WITH ONLY MONOR RELIEF FROM RAINS REPORTED DURING THE PAST 3-4 DAYS. DURING THE OPENING SESSION OF PARLIAMENT, THE GOVERNMENT CAME UNDER BLISTERING ATTACK FOR ITS FAILURE TO CHECK RISING FOOD PRICES AND FAILURE TO PROVIDE ADEQUATE SUPPLIES OF ESSENTIAL

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FOOD COMMODITIES. THE WHEAT PROCUREMENT BONUS SCHEME WHICH

EXPIRED ON JULY 15 HAS BEEN RETROACTIVELY EXTENDED TO AUGUST 31.
END SUMMARY.

1. MONSOON ACTIVITY WEAKENED FURTHER DURING THE WEEK ENDING JULY 25. OF THE 35 WEATHER ZONES, ONLY 11 RECEIVED NORMAL OR ABOVE NORMAL RAINFALL. THESE ZONES COMPRISE THE TERRITORIES OF ARUNACHAL PRADESH, ASSAM AND MEGHALAYA, GANGETIC WEST BENGAL, ORISSA, TAMIL NEDU, WEST MADHYA PRESDESH, EAST RAJASTHAN, PUNJAB, HARYANA, HILLS OF WESTERN UTTAR PRADESH AND JAMMU AND KASHMIR. RAINFALL WAS BELOW NORMAL OVER THE REST OF THE COUNTRY. CUMULATIVE RAINFALL FROM JUNE 1 TO JULY 25, 1973 WAS NORMAL OR ABOVE NORMAL IN 25 OF THE 35 WEATHER ZONES WHICH ACCOUNT FOR APPROXIMATELY 64 PERCENT OF THE TOTAL KHARIF CEREAL GRAIN PRODUCTION IN THE COUNTRY USING AS A BASE THE DISTRIBUTION OF KHARIF PRODUCTION DURING 1970-71. THE SITUATION IS BETTER THAN 1972 WHEN ONLY 17 WEATHER ZONES, ACCOUNTING FOR 40 PERCENT OF THE TOTAL KHARIF CEREAL GRAIN PRODUCTION IN 1970-71, WERE IN THE NORMAL OR ABOVE NORMAL RAINFALL CATEGORIES DURING THE SAME PERIOD OF TIME. THE MORE SIGNIFICANT AREAS WHERE THE SEASON'S RAINFALL DURING THE CURRENT YEAR IS BELOW NORMAL ARE BIHAR, EASTERN UTTAR PRADESH, COASTAL AND SOUTH-WEST ANDHRA PRADESH AND TAMIL NADU.

2. CALUCTTA CONGEN REPORTS THAT BIHAR STATE MINISTERS AND OTHER OFFICIALS ARE RAISING A HUE AND CRY ABOUT LIKELY FAMINE CONDITIONS IN MOST DISTRICTS OF BIHAR. WEST BENGAL GOVERNOR DIAS (FORMER FOOD SECRETARY IN CENTRAL AGRICULTURE MINISTRY) INDICATED TO CONGEN OFFICIALS THAT THE RAINFALL DURING THE NEXT 10-14 DAYS WOULD BE OF CRUCIAL IMPORTANCE TO BIHAR AND EASTERN UTTAR PRADESH.

3. THE DIFFICULT FOODGRAIN SUPPLY/PRICE POSITION FIGURED PROMINANTLY IN DEBATES DURING THE MONSOON SESSION OF PARLIAMENT WHICH OPENED ON JULY 23. DURING THE FIRST DAY'S DEBATE THE GOVERNMENT CAME UNDER STRONG ATTACK IN CONNECTION WITH RISING FOOD PRICES AND INADEQUATE SUPPLIES OF ESSENTIAL FOOD COMMODITIES. SEVERAL OPPOSITION MEMBERS WARNED THE GOVERNMENT THAT THE FOOD SITUATION WOULD WORSEN DURING THE NEXT TWO MONTHS IF URGENT MEASURES WERE NOT TAKEN TO INCREASE FOOD SUPPLIES IN THE COUNTRY. THE GOVERNMENT'S REPLY FAILED TO SATISFY OPPOSITION MEMBERS SINCE IT WAS MERELY A RE-NARRATION OF PAST POSITIONS AND KNOWN FACTS. WHEN PRESSED TO GIVE DETAILS ON PLANNED IMPORTS MINISTER AHMED OF THE LIMITED OFFICIAL USE

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AGRICULTURE MINISTRY REFUSED TO ANSWER ON THE BASIS THAT IT WOULD NOT BE IN THE NATIONAL INTEREST TO DISCLOSE INFORMATION ON THIS POINT AT THIS PARTICULAR TIME. DISCUSSIONS DURING THE ENSUING DAYS THIS WEEK BROUGHT FORTH THE FOLLOWING INFORMATION FROM GOVERNMENT OFFICIALS:

A) THE NUMBER OF FAIR PRICE SHOPS HAS BEEN INCREASED FROM 125,000 LAST SEPTEMBER TO 195,000 CURRENTLY. THE DISTRI-
BUTION OF FOODGRAINS THROUGH THE FAIR PRICE SHOPS DURING

JANUARY-JUNE OF THIS YEAR WAS SAID TO TOTAL 5.7 MILLION TONS AS COMPARED TO 4.4 MILLION TONS FOR THE SAME TIME PERIOD IN THE PREVIOUS YEAR.

B) MINISTER AHMED INDICATED THAT THE SUPPLY OF RICE ISSUED THROUGH FAIR PRICE SHOPS MAY BE REDUCED IN THE COMING MONTHS DUE TO THE DIFFICULT STOCK POSITION WHICH RESULTED FROM (I) LOWER PROCUREMENT OF RICE DURING THE 1972-73 MARKETING YEAR COMPARED TO 1971-72, AND (II) NON-AVAILABILITY OF RICE FROM FOREIGN SOURCES. AS WE HAVE REPORTED IN PAST MESSAGES, WE ANTICIPATE THE SHORT-RUN RICE SITUATION WILL BECOME TIGHTER AND TIGHTER.

C) MINISTER OF STATE FOR AGRICULTURE SHINDE REITERATED THAT THE GOVERNMENT WOULD TAKE OVER THE WHOLESALE TRADE OF RICE AND THAT THE DETAILS WOULD BE FINALIZED IN CONSULTATION WITH THE STATE GOVERNMENTS.

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4. AS WE REPORTED LAST WEEK, THE WHEAT PROCUREMENT BONUS SCHEME WAS TERMINATED JULY 15. HOWEVER, A DECISION WAS MADE EARLY THIS

WEEK TO EXTEND THE BONUS SCHEME UNTIL AUGUST 31. DETAILS OF THE BONUS SCHEME WERE REPORTED IN PARA 1 B, REF B. WHEAT PROCUREMENT HAS BEEN ONLY MARGINAL IN THE PAST WEEK AND STILL TOTALS APPROXIMATELY 4.3 MILLION TONS.

5. SOME CASES OF LOOTING OF FOODGRAIN STOCKS WERE REPORTED FROM ISOLATED AREAS IN BIHAR AND UTTAR PRADESH. IN KERALA STATE AFTER THE RE-OPENING OF ALL SCHOOLS AND COLLEGES, THE STUDENTS WENT ON A TWO-DAY RAMPAGE (JULY 23-24) IN SUPPORT OF THEIR DEMANDS FOR INCREASED RICE RATIONS AND THE CURBING OF THE RISE IN PRICES OF ESSENTIAL COMMODITIES. FOLLOWING THESE DISTURBANCES MOST HIGH SCHOOLS AND THREE COLLEGES WERE AGAIN CLOSED.

6. CONGEN BOMBAY REPORTS THAT RETAIL PRICE OF BREAD JUMPED 10 TO 15 PERCENT DURING THE PAST WEEK IN BOMBAY. BAKERS CLAIMED LIMITED OFFICIAL USE

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THAT THEY ARE NOW GETTING ONLY APPROXIMATELY 40 PERCENT OF THEIR NORMAL FLOUR REQUIREMENTS WITH THE SITUATION BEING FURTHER AGGRAVATED BY THE CONTINUING IRREGULARITIES IN OBTAINING FLOUR SUPPLIES.

7. COMMENTS - CONTINUING DRY WEATHER IN BIHAR AND EASTERN UTTAR PRADESH FOR THE PAST ONE MONTH -- SINCE THE LAST WEEK OF JUNE -- IS CAUSING SERIOUS CONCERN AMONG GOVERNMENT OFFICIALS AND FARMERS. THE PROLONGED DROUGHT IS REPORTED TO HAVE ALREADY CAUSED SUBSTANTIAL DAMAGE TO THE EARLY PADDY AND KHARIF COARSE GRAIN CROPS IN THE AFFECTED AREAS. LATEST REPORTS INDICATE THAT THE DRY SPELL IN EASTERN UTTAR PRADESH HAS BEEN BROKEN BY WIDESPREAD RAINS DURING THE PAST 3-4 DAYS. SCATTERED RAINFALL HAS ALSO BEEN REPORTED FROM SOME AREAS OF BIHAR. HOWEVER, MORE RAINS ARE IMMEDIATELY NEEDED FOR AN APPRECIABLE IMPROVEMENT IN CROP CONDITIONS IN THESE TWO STATES.

THE GOVERNMENT'S REINSTITUTION OF THE BONUS SCHEME FOR WHEAT PROCUREMENT IS NOT EXPECTED TO RESULT IN SIGNIFICANT ADDITIONAL QUANTITIES OF WHEAT BEING PROCURED DURING THE NEXT MONTH AND A HALF.

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